IRAQ STATUS REPORT

December 15, 2010





U.S. Department of State

Iraq Policy & Operations Group Bureau of Near Eastern Affairs



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HIGHLIGHTS

• Allawi Agrees to Join New Iraqi Government (POLITICAL, page 4)

• Twelve AQI Members Arrested (SECURITY, page 9)

• Journalists' Pledge to Work Earns Them Land Ownership (ECONOMIC, page 17)

• Biden Chairs UN Security Council Meeting on Iraq (DIPLOMATIC, page 18)



POLITICAL – Governance & Legislation

Government formation negotiations continue

Allawi Agrees to Join New Iraqi Government:

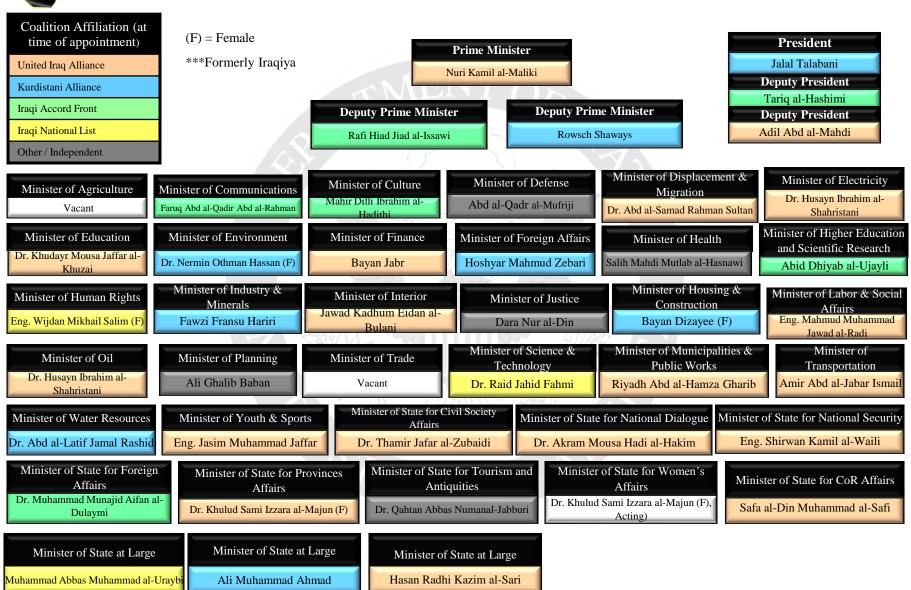
• Prime Minister Maliki and Iraqiyya leader Ayad Allawi met on December 14, after which Dr. Allawi stated his intent to participate in the new Iraqi government as part of an effort to form an inclusive government representative and accountable to the Iraqi people. On government formation progress, aides said Maliki is now expected to formally announce the new government on December 23. Parliament must then approve the Cabinet. "We reached a joint vision," Allawi said of Maliki, adding, "each of us has an experience that complements the other."

KDP Asserts Right to Kurdish Self-Determination, Supports Unified Iraq:

• During the December 11 opening of a week-long Congress for the Kurdistan Democratic Party (KDP), Massoud Barzani stated that self-determination was a Kurdish right, marking the first time Barzani has officially presented the issue to the KDP's congress. On December 12, Kurdish regional Prime Minister Barham Salih said that "there is a consensus among Kurds over the fact that it is legal and legitimate to have the right to self-determination." After some of Iraq's Arab lawmakers expressed concerns regarding these statements, Nechirvan Barzani, nephew to KRG President Massoud Barzani, stated that the right to self-determination does not imply a desire for secession. "The Kurdish people have the right to claim self-determination, but we decided to stay within a united Iraq," said Nechirvan.



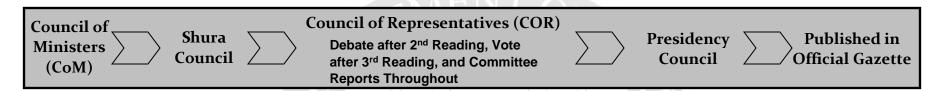
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- Hydrocarbons Package: The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- NGO Law: This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.

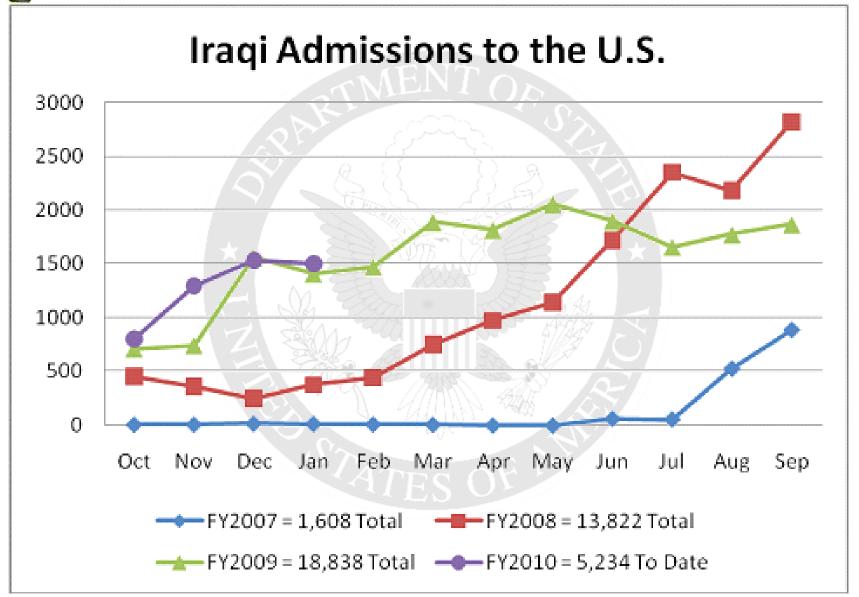


POLITICAL – Refugees

- There are over 208,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.
- Since the beginning of 2008, over 515,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.
- In FY10, the U.S. Government contributed \$355.8 million to international and nongovernmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.
- Since the program's inception in FY07, over 52,280 Iraqi refugees have been admitted to the U.S. for resettlement.
- As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).
- As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).



POLITICAL – Refugees





SECURITY – Situation Update

ISF arrests AQI members amidst attacks

Twelve AQI Members Arrested:

• The Iraqi Ministry of Defense announced on December 9 that the Iraqi Security Forces arrested 12 al-Qaida members accused of making bombs and financing militant operations in the northern city of Mosul. Major General Mohammed al-Askari, the Ministry spokesman, said security forces found a factory where improvised hand grenades, explosives, and weapon silencers were made. He also said and said the men had confessed to working for the organization and financing attacks.

Suicide Bombings Target Government Offices, Shi'a Pilgrims:

• A suicide car bomb killed at least 13 people on December 12 in Anbar province when an explosive-rigged SUV tried to ram through the gates of a government facility. The vehicle reportedly passed through one security check point before speeding up and drawing fire from guards. A separate suicide bombing on that same day also killed three people in Baquba, targeting a procession for Ashura. In a third suicide bombing targeting the Shi'a community on December 13, at least four Iraqi civilians were killed and an estimated 17 wounded in the town of Balad Ruz in Diyala province.



SECURITY – Situation Update

ISF arrests AQI members amidst attacks

Iraqi Police Implement Driver Licensing Program:

• After the previous system for licensing drivers was abolished in 2003, the Iraqi police force is implementing a two-year, \$12 million project to re-certify Iraq's drivers. Since 2003, 1.5 million cars have been legally imported into Iraq, in addition to the 1.25 million that were registered before 2003 and the countless number of unregistered cars on Iraq's roads. The new system requires that drivers complete a medical examination, demonstrate an understanding of traffic codes and vehicle operations, and pass a driving test, after which they will receive a five-year license. Under the new program, 8,000 permits have been issued since the first processing center opened in Baghdad on October 21.



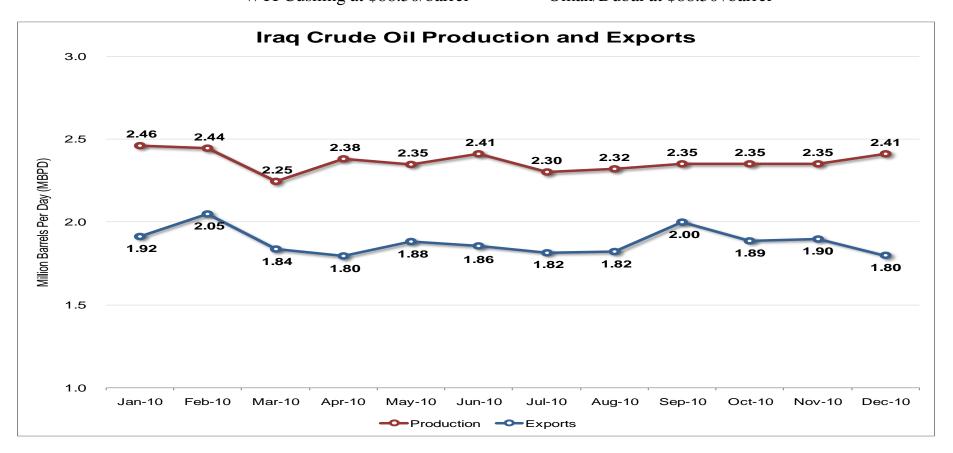
ECONOMIC - Oil

Crude oil average closing prices

Prices in world markets closed with the following averages:

Basrah Light at \$88.14/barrel WTI Cushing at \$88.50/barrel

Dated Brent at \$90.59/barrel Oman/Dubai at \$88.50 /barrel



Iraq's Oil Revenue

2008: \$61.9 Billion 2009: \$39.2 Billion 2010 (ytd estimate): \$44 Billion



ECONOMIC - Oil

Oil production: a cost to the environment

Basrah Leadership Cites Negative Environmental Impact of Oil Extraction:

• Basrah's Provincial Council is speaking out against oil production's negative environmental impact. Chairman Jabbar Amin described "pressure" on Basrah's streets and bridges and neglect for human and agricultural well-being as a result of oil extraction. A spokesman from the province's Environment Directorate also pointed out that the exhaust systems used in production are outdated, which leads to the emission of harmful gases. Given these observations and complaints made to the Directorate regarding Nahran Omer Oil Field, the Chairman called on oil companies to "lay down a limit" for their activities' disruption to the environment.



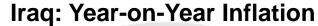
ECONOMIC – Fiscal and Monetary Affairs

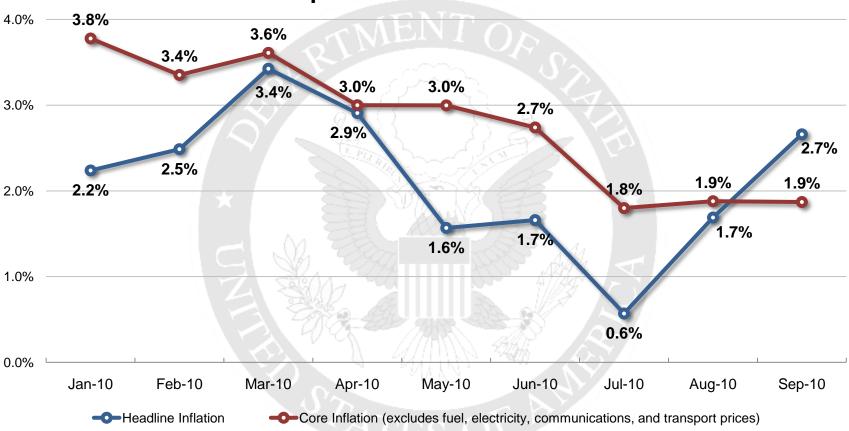
Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$89.22	\$88.95	\$92.66	\$64.50
Yield	6.88%	6.91%	6.52%	10.32%





ECONOMIC – Fiscal and Monetary Affairs



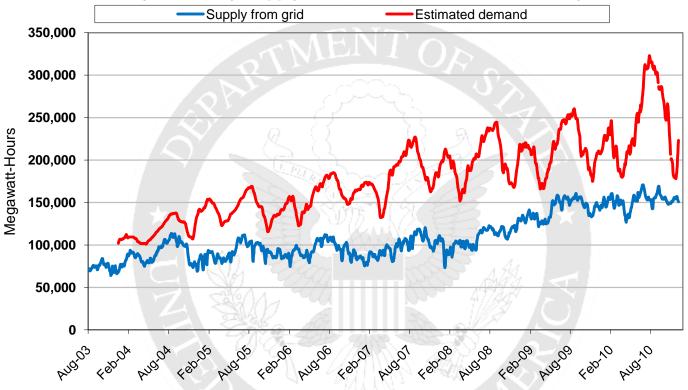


• In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.



ECONOMIC – Electricity





- December 6-12 supply from the grid was 4% above the year-earlier period, and met 68% of estimated demand compared with 69% for the same period in 2009.
- Estimated demand has begun to rise towards its seasonal winter peak. In contrast to last summer, when demand increased 20% to 30% above the year-earlier level, the year-on-year increase has so far been moderate 7% for December 6-12.



ECONOMIC – Electricity

Ministry of Electricity plans four new power plants

New Plants will Provide Southern Iraqis with 2,750 Megawatts of Power:

• On December 13, the Ministry of Electricity formally announced that it will solicit bids for the construction of four power plants in Basrah, Diwaniyah, Muthanna, and Missan in the hopes of boosting Iraq's total electrical capacity by 2,750 megawatts (MW). The Ministry will conduct a roadshow in Baghdad on December 18 to better explain contract provisions, which will likely include draft terms for investors to install and operate 22 GE turbines already owned by the GOI. In side remarks to the media, ministry officials have indicated that the contracts will span 20-25 years, with the initial two years dedicated to the installation of these turbines.



ECONOMIC – Industry Spotlight: Iraqi Journalists Syndicate

Journalists' pledge to work earns them land ownership

Iraqi Ministry Gives Property Rights in Exchange for Five Years of Service:

• The Iraqi Ministry of Municipalities and Works is giving members of the Iraqi Journalists Syndicate entitlement to plots of land for homebuilding. The ministry "completed all necessary measures to distribute housing plots" and is relying on the syndicate to distribute the related application forms to its members. As repayment for the land, the journalists are required to complete a five-year service to the syndicate. Journalists living in central locations within the provinces will receive 200 square meters of land, while those living in townships and villages will receive 250 and 300 square meters, respectively.



DIPLOMATIC - Political Engagement

Iraqi regional and international reintegration

Biden Chairs UN Security Council Meeting on Iraq:

• U.S. Vice President Joe Biden chaired a United Nations Security Council meeting on December 15, during which the Council voted on lifting international sanctions on Iraq dating from Saddam's 1990 invasion of neighboring Kuwait. One resolution lifted sanctions related to weapons of mass destruction, a second ended the Oil-for-Food program, and a third extended UN protection for six months for hundreds of millions of dollars in the Development Fund for Iraq (DFI) which was set up after the 2003 war to handle oil and other revenues. "The three resolutions we've passed bring an end to the burdensome remnants of the dark era of Saddam Hussein," Biden said after the vote. "In recent years, the Iraqi people have emerged from the depths of sectarian violence and they have flatly rejected the grim future offered by extremists, and they have earned themselves a chance for much better days ahead."

Mullen and Maliki Discuss U.S.-Iraqi Bilateral Relations:

• Chairman of the Joint Chiefs of Staff Admiral Michael Mullen met with Iraqi Prime Minister Nuri al-Maliki on December 13. Mullen congratulated Maliki on progress toward forming the new government. Mullen and Maliki also discussed the two countries' military relationship. The U.S. military has an agreement with the Iraqi government to leave by the end of 2011.



Baghdad and Beyond



Training Session in Ninewa Earlier This Year

Baghdad

Ninewa

"...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services."

President Barack Obama

Recent Highlights

Continuing to monitor popular opinion of government formation, PRT-Baghdad took Provincial Council representatives to the Deputy Chief of Mission's Embassy residence for a round-table discussion. PC members discussed various government formation issues, particularly the Barzani agreement, Allawi's National Council for Strategic Policy; the meeting also served as an introduction between Embassy staffers and PC members, an excellent step towards transition.

To combat the un- or under-employment of women and youth, PRT-Ninewa is partnering with the Al Rabein Development center and holding technological training sessions, primarily with database management, web design, Photoshop, as well as other software. Advanced computer topics and internet training is also offered.



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

- Department of State, Section 2207 Report on Iraq Relief and Reconstruction http://2001-2009.state.gov/p/nea/rls/rpt/
- Department of State, Section 1227 Report on Iraq http://2001-2009.state.gov/p/nea/rls/rpt/
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

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■ Dow Jones Newswire, December 13, http://www.zawya.com/Story.cfm/sidZW20101213000054/Iraq%20Offers%20Deals%20To%20Build%204% 20Gas%20Power%20Plants-Ministry

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■ Aswat Al-Iraq, December 9, http://en.aswataliraq.info/?p=139637

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■ AFP. December 14. http://www.google.com/hostednews/afp/article/ALeqM5hW1aE50r8U1wGYtZtaQrrOgvjHnw?docId=CNG.c 653ef1e7c31241b761cae79dbccb85a.131; AP, December 15, http://www.google.com/hostednews/ap/article/ALeqM5gNVKPq307sgX GpuTaA7zKpepvgA?docId=4e8f00 4359ba4acd82a022a09f49fcb9



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- Source for President Obama's Quote: http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/
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